

NOV 10 1955

LISTING STATEMENT No. 1867

LISTED October 7, 1955  
100,000 4.40% cumulative redeemable  
preferred shares of \$100.00 par value.  
Ticker abbreviation CNS Pr 4.40%  
Post section 11

# TORONTO STOCK EXCHANGE

## LISTING STATEMENT

# CANADA SAFEWAY LIMITED

An operating company, incorporated under the laws of Canada by Letters Patent dated January 14th, 1929, hereby makes application for the listing on the Toronto Stock Exchange of

100,000

4.40% CUMULATIVE REDEEMABLE PREFERRED SHARES

\$100 PAR VALUE

all of which are authorized and outstanding.

Reference is made to the attached Prospectus which forms part of this application.

### CAPITALIZATION

AS AT JULY 14 1955

	Authorized	Outstanding
Preferred Shares, par value \$100 each.....	\$15,000,000	\$10,000,000 (x)
Common Shares, par value \$10 each.....	2,800,000	2,800,000

(x) This issue of 100,000 4.40% Preferred Shares, subject to the right of the Company to increase its capital stock and to issue further pari passu Preferred Shares of other series upon compliance with The Companies Act and the restrictions mentioned in the Statutory Information.

All the capital stock is fully paid, non-assessable, and no liability attaches to shareholders.

The holders of the Preferred Shares of the 4.40% Series are not entitled to any vote at any meeting of the shareholders of the Company unless and until the Company shall have failed to pay in the aggregate six quarterly dividends on the Preferred Shares of any series on the dates on which the same should be paid, in which event such holders are entitled to one vote per share. The holders of Common Shares are entitled to one vote per share.

### OPINION OF COUNSEL

The opinion of counsel with respect to the authorization, issuance and validity of the preferred shares, the subject of this application, has been rendered by Messrs. Aikins, MacAulay, Moffat, Dickson, Hinch & McGavin, of Winnipeg, Manitoba.

Their opinion has been filed with the Toronto Stock Exchange.

### PURPOSE OF ISSUE

The proceeds of these Preferred Shares will be applied to the cost of redeeming the outstanding 5% First and Second Series of Preferred Shares of the Company and the balance of the proceeds will be used for general corporate purposes.

### LETTERS PATENT

By virtue of a By-law of Directors passed at a meeting held on 30th May, 1955, Supplementary Letters Patent were issued dated 1st June, 1955, authorizing this issue. A copy of these Supplementary Letters Patent has been filed with the Toronto Stock Exchange.

## GENERAL OFFICES

The Head Office of the Company is located in Winnipeg, Manitoba.

The names, descriptions and addresses of the Directors, Officers and Auditors of the Company are as follows:

### DIRECTORS

JOHN ALEXANDER MACAULAY, Q.C.....	<i>Barrister</i> .....	1125 Wellington Crescent, Winnipeg, Manitoba
DONALD CAMERON MCGAVIN.....	<i>Barrister</i> .....	492 Brock Street, Winnipeg, Manitoba
MILTON LLOYD SELBY.....	<i>Company Executive</i> .....	107 Camino Don Miguel, Orinda, California, U.S.A.
ORVAL WOOD STRUTHERS.....	<i>Barrister</i> .....	302 Ashland Avenue, Winnipeg, Manitoba
LINGAN ALLEN WARREN.....	<i>Company Executive</i> .....	1904 Forest View Road, Burlingame, California, U.S.A.

### OFFICERS

LINGAN ALLEN WARREN.....	<i>President</i> .....	1904 Forest View Road, Burlingame, California, U.S.A.
MILTON LLOYD SELBY.....	<i>Vice-President</i> .....	107 Camino Don Miguel, Orinda, California, U.S.A.
JOHN ALEXANDER MACAULAY, Q.C.....	<i>Vice-President</i> .....	1125 Wellington Crescent, Winnipeg, Manitoba.
WILLIAM SCOTT MITCHELL.....	<i>Vice-President</i> .....	3011 Marina Drive, Alameda, California, U.S.A.
WALTER JOHN KRAFT.....	<i>Vice-President</i> .....	4714 West Second Avenue, Vancouver, B.C.
FREDERICK WILLIAM CRAWFORD.....	<i>Vice-President</i> .....	7969 Laburnum Street, Vancouver, B.C.
WALTER JOSEPH MCCANN.....	<i>Vice-President</i> .....	105 Ash Street, Winnipeg, Manitoba
DONALD CAMERON MCGAVIN.....	<i>Secretary</i> .....	492 Brock Street, Winnipeg, Manitoba
ALEXANDER HAMILTON HOLLEY.....	<i>Assistant Secretary</i> .....	1942 10th Avenue, Oakland, California, U.S.A.
ORVAL WOOD STRUTHERS.....	<i>Assistant Secretary</i> .....	302 Ashland Avenue, Winnipeg, Manitoba
ALAN ANTHONY EDWARDS.....	<i>Assistant Secretary</i> .....	166 Del Vale Avenue, San Francisco, California, U.S.A.

### AUDITORS

Peat, Marwick, Mitchell & Co., Chartered Accountants, 410 Seymour Street, Vancouver, B.C.

The transfer agents and registrars in respect of the Preferred Shares are The Royal Trust Company at Winnipeg, Montreal, Toronto, Calgary and Vancouver.

### FISCAL YEAR

The fiscal year of the Company ends December 31st.

The Annual Meeting may be held on such day in the months of April or May in each year as the Directors may determine, and is held in Winnipeg usually in April.

### CANADA SAFEWAY LIMITED

W. J. MCCANN,  
*Vice-President.*

D. C. MCGAVIN,  
*Secretary.*

August 3, 1955.



**SAFeway**



**FOODS**

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of The Companies Act.

This prospectus is not and under no circumstances is to be construed as an offering of these Preferred Shares for sale in, or to any person resident in, the United States of America or the territories or possessions thereof.

NEW AND REFUNDING ISSUE

June 7, 1955

**\$10,000,000**

# Canada Safeway Limited

(Incorporated under The Companies Act of Canada)

## 4.40% Cumulative Redeemable Preferred Shares (Par Value \$100 per Share)

Preferred as to capital and dividends. Entitled to fixed cumulative preferential dividends at the rate of 4.40%, as and when declared by the Board of Directors, cumulative from July 11, 1955 and payable in quarterly instalments on the 1st days of January, April, July and October in each year. Dividends payable at par at any branch in Canada of the Company's bankers. Redeemable at the option of the Company on not less than 30 days' notice as a whole at any time, or in part from time to time by lot, at \$104 per share through July 1, 1960; thereafter through July 1, 1965 at \$103 per share; thereafter through July 1, 1970 at \$102 per share; thereafter through July 1, 1975 at \$101 per share and thereafter at \$100½ per share; in each case plus accrued and unpaid dividends calculated to the date fixed for redemption. Subject to the right of the Company to purchase such shares for cancellation at any time at or under the prevailing redemption price. Non-voting unless and until six quarterly dividends on the Preferred Shares are in arrears; thereafter, so long as any dividends remain in arrears, entitled to one vote per share. These Preferred Shares when issued will be fully paid and non-assessable and the rights, preferences, priorities, restrictions, conditions and limitations attaching thereto are more fully set out in the Statutory Information forming part of this prospectus.

Transfer Agent and Registrar: The Royal Trust Company, Winnipeg, Montreal, Toronto, Calgary and Vancouver.

A Preferred Share Purchase Fund is provided whereby the Company shall set aside on or before July 1, 1956 the sum of \$300,000 to be utilized with reasonable despatch in the purchase for cancellation of these 4.40% Shares in the open market if available at their par value or less and the Company shall replenish the said fund on or before July 1 in each succeeding year with a sum equal to that expended in the purchase as aforesaid during the previous year.

In the opinion of counsel these Preferred Shares are investments in which The Canadian and British Insurance Companies Act, R.S.C. 1952, c.31, states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of sub-section (4) of Section 63 of said Act, invest their funds.

### CAPITALIZATION

(After giving effect to this financing)

	Authorized	Outstanding
Preferred Shares, par value \$100 each.....	\$15,000,000	\$10,000,000(*)
Common Shares, par value \$10 each.....	2,800,000	2,800,000

(\*) This issue of 100,000 4.40% Preferred Shares, subject to the right of the Company to increase its capital stock and to issue further *pari passu* Preferred Shares of other series upon compliance with The Companies Act and the restrictions mentioned in the Statutory Information.

**Note:** The Company is Guarantor of \$2,400,000 3¼% Collateral Trust Debentures of Macdonalds Consolidated Limited and \$5,000,000 4½% Debentures of Wingate Equipment Lessors Limited, its wholly-owned subsidiary companies.

We offer as principals these Preferred Shares for delivery if, as and when issued and received by us and subject to prior sale and the approval of counsel of all proceedings. We reserve the right to close the subscription books at any time without notice and to reject any or all applications and also in any case to allot a smaller number of shares than may be applied for.

## Price: \$100 per Share

The amount of dividend payable in respect of the period to October 1, 1955, will be 99 cents per share.

It is expected that certificates in interim form will be available for delivery on or about July 11, 1955.

The listing of these 4.40% Cumulative Redeemable Preferred Shares on the Montreal and Toronto Stock Exchanges has been approved subject to the filing of documents and evidence of satisfactory distribution.

All legal matters in connection with the issue of these Preferred Shares are subject to the approval of Messrs. Aikins, MacAulay, Moffat, Dickson, Hinch & McGavin, of Winnipeg, Man., on behalf of the Company, and Messrs. Dixon, Senecal, Turnbull, Mitchell & Stairs, of Montreal, Que., on our behalf.



*The following information has been furnished to us by officials of Canada Safeway Limited:*

## THE COMPANY

Canada Safeway Limited (sometimes referred to herein as "the Company") was incorporated as Safeway Stores Limited on January 14, 1929 under The Companies Act of Canada. Its name was changed to the present name on June 23, 1947. All of its issued and outstanding shares of common stock (except shares necessary to qualify directors) are owned and held by Safeway Stores, Incorporated, a Maryland corporation, which is, from a standpoint of sales, the second largest chain grocery company in the United States.

The Company owns and holds, except for shares necessary to qualify directors, all the issued and outstanding capital stock of Macdonalds Consolidated Limited, incorporated under The Companies Act of Canada. It also owns and holds, except for shares necessary to qualify directors, all the issued and outstanding capital stock of Wingate Equipment Lessors Limited.

## BUSINESS

The Company operates a retail chain grocery business in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba, and in Ontario at the head of the Lakes and west. It has completed the purchase of a distribution-centre site in Toronto and is negotiating for the purchase of a number of sites for retail store buildings in the Toronto area. Retail store operations will be commenced there as soon as construction of the distribution centre and approximately 10 stores are completed, which it is anticipated will be within the next 18 months. The Company and/or its subsidiary Macdonalds Consolidated Limited operate warehouses and a wholesale grocery business in the provinces of Manitoba, Ontario, Saskatchewan, Alberta and British Columbia, a coffee roasting and tea packing plant at Vancouver, B.C., a plant which manufactures and packs jams, jellies, extracts, baking powders, jelly powders, peanut butter and spices at Vancouver, B.C., a fruit canning plant at Summerland, B.C., and a vegetable canning plant at Taber, Alberta.

The distribution, by provinces, of the retail stores operated by the Company and of the principal grocery warehouses operated by the Company and its subsidiary Macdonalds Consolidated Limited on December 31, 1954, was as follows:

	<u>British Columbia</u>	<u>Alberta</u>	<u>Saskatchewan</u>	<u>Manitoba</u>	<u>Ontario</u>	<u>Total</u>
Retail Locations.....	52	26	18	39	4	139
Principal Grocery Warehouses.....	2	3	5	1	1	12

In 1938 the Company adopted the policy which was then being placed in effect in the United States by Safeway Stores, Incorporated to construct, sell and lease back the properties in which its business is carried on and placed in effect what it calls its "buy-build-sell-lease" program under which the Company purchases the property to be used for the facility, constructs the building and improvements thereon and then sells the completed property to an investor, taking back a long term lease. This program has enabled the Company to reduce its investment in fixed assets and to secure properties of the size and at the locations desired at a reasonable cost, to construct buildings and other improvements which are best suited to its requirements and to base its rental upon a cost which has not been inflated by promotion and development charges. As a result, the Company has been able to develop a number of modern retail store locations which have contributed materially to the sales increase experienced during recent years.

The following table shows the Company's total sales to the public and the average number of retail stores operated by it during each of the past ten years:

<u>Year</u>	<u>Retail Sales</u>	<u>Wholesale Sales</u>	<u>Total Sales</u>	<u>Retail Stores</u>	<u>Average Weekly Sales per Retail Store</u>
1945.....	\$ 37,868,396	\$17,190,212	\$ 55,058,608	140	\$ 5,202
1946.....	42,567,993	19,622,610	62,190,603	141	5,806
1947.....	51,594,683	22,468,687	74,063,370	141	7,037
1948.....	67,246,629	21,730,406	88,977,035	139	9,128
1949.....	75,207,300	22,900,121	98,107,421	136	10,634
1950.....	84,063,257	24,476,465	108,539,722	135	11,975
1951.....	102,131,359	27,315,949	129,447,308	137	14,336
1952.....	111,750,642	28,450,354	140,200,996	138	15,590
1953.....	118,780,747	30,860,494	149,641,241	138	16,193
1954.....	126,634,990	31,573,213	158,208,203	139	17,569

The Company has constructed and opened 30 new retail stores since January 1, 1950 and has also carried out an extensive modernization program for its other stores. As at December 31, 1954 it also had nine retail locations under construction and 19 more out for bids or assigned for the preparation of plans.

It is the policy of the Company to operate complete self-service food stores selling groceries, fresh and smoked meats, dairy and bakery products and fruits and vegetables and featuring the latest refrigerated equipment for the self-service sales of meats, fresh fruits and vegetables, wherever the size of the facility will permit. Locations constructed by the Company since the inauguration of its "buy-build-sell-lease" program are of sufficient size to permit such an operation. Nearly all such facilities include an adjoining parking lot for the convenience of customers.

The Company's subsidiary, Wingate Equipment Lessors Limited, has acquired from the Company and its other subsidiary, Macdonalds Consolidated Limited, at net book value, all the equipment which the Company uses in its business and which has been leased by Wingate to the Company for that purpose.

## PURPOSE OF ISSUE

The proceeds of these Preferred Shares will be applied to the cost of redeeming the presently outstanding 5% First and Second Series of Preferred Shares of the Company and the balance of the proceeds will be used for general corporate purposes.

## SAFEWAY STORES, INCORPORATED

The business of Canada Safeway's parent company, Safeway Stores, Incorporated, has been greatly expanded by internal growth and through the acquisition of existing retail and processing businesses, since its incorporation in 1926. The number of stores operated, however, has decreased steadily since 1932, as a result of its policy to consolidate the smaller stores into larger units which are so located that they can serve a much greater trade area. On December 31, 1932 Safeway Stores, Incorporated operated 3,197 stores in the United States with total annual sales of \$211,208,143 (an average of \$1,236 per store per week). At the end of 1954 the number of stores operated in the United States had decreased to 1,859, while total sales for the year had increased to \$1,638,078,000 (or an average of \$16,825 per retail store per week). Safeway Stores, Incorporated now operates retail stores in 24 States and in the District of Columbia. The combined capital and surplus of Safeway Stores,



Incorporated and subsidiaries as shown in its consolidated balance sheet as at December 31, 1954 was \$167,487,613. In 1955 Safeway Stores, Incorporated entered its thirtieth consecutive year of common and preferred dividend payments, dividends having been paid on all preferred stock issues from time to time outstanding and on its common stock without interruption since the company's incorporation in 1926.

Cortland Equipment Lessors, Incorporated, a wholly owned subsidiary of Safeway Stores, Incorporated, owns and leases to that company all equipment used by Safeway Stores, Incorporated in its business.

EARNINGS

Particulars of the consolidated earnings of the Company and its subsidiaries for the ten years ended December 31, 1954 and for the period ended March 26, 1955 are contained in the report of the Company's auditors which appears below. The annual consolidated net earnings were as follows:

Average for the ten years and 12 weeks ended March 26, 1955.....	\$2,203,059
Average for the five years and 12 weeks ended March 26, 1955.....	2,945,380
For the year ended December 31, 1954.....	3,131,306

The annual dividend requirement on the Preferred Shares now to be outstanding will be..... \$ 440,000

Auditors' Report With Respect to Earnings

"To the Directors,  
Canada Safeway Limited:

We have examined the accounts of Canada Safeway Limited and its subsidiaries for the ten years ended December 31, 1954 and the period ended March 26, 1955. In our opinion the following summary, with the accompanying notes, fairly presents the consolidated earnings of the company and its subsidiaries for such periods.

Year ended December 31	Net Sales	Gross Profit	Operating, Administrative and Other Expenses, less Other Income (Note 2)	Depreciation	Debtenture Interest	Taxes on Income (Note 3)	Net Income
1945.....	\$ 54,935,210	\$ 7,672,104	\$ 6,097,615	\$269,958	—	\$ 731,502	\$ 573,029
1946.....	62,021,093	8,630,633	6,938,359	226,481	—	610,555	855,238
1947.....	73,753,012	10,511,075	7,810,053	223,163	\$44,877	911,730	1,521,252
1948.....	88,868,996	10,263,175	6,967,784	261,830	97,500	1,033,739	1,902,322
1949.....	98,087,234	11,721,845	7,600,987	310,754	97,500	1,432,060	2,280,544
1950.....	108,605,613	13,919,957	8,698,647	453,792	97,500	1,897,389	2,772,629
1951.....	129,541,478	16,842,690	10,736,307	916,875	97,500	2,607,476	2,484,532
1952.....	140,406,911	19,663,699	12,319,068	906,527	92,625	3,346,047	2,999,432
1953.....	150,082,285	21,243,642	13,719,402	912,311	87,750	3,161,390	3,362,789
1954.....	158,513,153	22,595,798	15,711,724	904,893	82,875	2,765,000	3,131,306
12 weeks ended March 26, 1955.....	36,950,595	5,273,679	3,818,079	196,684	18,000	585,000	655,916

Notes:

1. The above figures include the operations of Macdonalds Consolidated Limited which became a subsidiary in June 1947, prior to which it was a direct subsidiary of Safeway Stores, Incorporated. The operations of a former minor subsidiary, acquired in 1945 and sold in 1949, have been excluded from the foregoing figures.

2. The above figures include the following:

	1945	1946	1947	1948	1953
	\$	\$	\$	\$	\$
Losses (profits) of significant amount, on disposal of fixed assets.....	48,803	(107,946)	—	—	101,899
Provision (reduction) of inventory reserve under Excess Profits Tax Act.....	104,699	86,500	—	(97,000)	—
	153,502	(21,446)	—	(97,000)	101,899
Income from bonds (including in 1947 a profit of \$95,719 on disposal).....	54,584	69,813	100,419	—	—
	98,918	(91,259)	(100,419)	(97,000)	101,899

3. Taxes on income for the years up to and including 1953 are as assessed and paid. Taxes on income for 1954 and for the period ended March 26, 1955 are estimated and are adequate.

Vancouver, B.C.,  
May 25, 1955.

(Sgd.) PEAT, MARWICK, MITCHELL & CO.,  
Chartered Accountants."



**CANADA SAFEWAY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET**  
**MARCH 26, 1955**

*Note:* The pro forma balance sheet gives effect to the following:

(a) The redemption of all the company's outstanding 5% cumulative redeemable preferred shares, at a total premium cost of \$165,910 and tax thereon of \$33,182; (b) The creation of 150,000 cumulative redeemable preferred shares of the par value of \$100 each, the issue and sale of 100,000 such shares at their par value, and the payment of a commission thereon of 3½%; (c) Payment of expenses estimated at \$50,000 in connection with the issue of the preferred shares referred to in paragraph (b) above; (d) The sub-division of the company's authorized and outstanding 28,000 common shares of \$100 each into 280,000 shares of \$10 each; (e) The sale by a wholly-owned subsidiary company, Wingate Equipment Lessors Limited, of \$5,000,000 4½% Series "A" and Series "B" Debentures for \$4,986,930 cash; (f) The payment of expenses estimated at \$50,000 in connection with the sale of the Series "A" and Series "B" Debentures of Wingate Equipment Lessors Limited.

	Assets		Balance Sheet	Pro-Forma Balance Sheet
<b>Current Assets:</b>				
Cash in banks, on hand and in transit.....			\$ 2,797,412	\$10,890,950
Accounts receivable.....			2,252,769	2,252,769
Inventories of merchandise and supplies at lower of cost or market, less inventory reserve, \$164,500.....			14,024,416	14,024,416
Prepaid expenses and supplies.....			868,206	868,206
Properties for sale under the company's real estate program.....			4,485,905	4,485,905
Total current assets.....			<u>24,428,708</u>	<u>32,522,246</u>
Sundry Investments.....			48,875	48,875
<b>Fixed Assets, at cost:</b>				
Land.....			390,805	390,805
Buildings.....			189,242	189,242
Leasehold improvements.....			723,717	723,717
Store, warehouse and plant fixtures and equipment.....			10,682,403	10,682,403
Automotive equipment.....			295,073	295,073
			<u>12,281,240</u>	<u>12,281,240</u>
Less accumulated depreciation.....			5,451,262	5,451,262
			<u>6,829,978</u>	<u>6,829,978</u>
			<u>\$31,307,561</u>	<u>\$39,401,099</u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
4½% notes payable to bank.....			\$ 5,000,000	\$ 5,000,000
Debenture instalment due within one year.....			150,000	150,000
Accounts payable, including mortgages, \$84,088.....			7,379,362	7,379,362
Accrued taxes other than on income.....			28,606	28,606
Accrued expenses.....			415,743	415,743
Accrued dividends on preferred stock.....			20,014	20,014
Due to parent and affiliated companies.....			295,508	295,508
Income taxes payable.....			1,251,090	1,251,090
Total current liabilities.....			<u>14,540,323</u>	<u>14,540,323</u>
<b>Debentures:</b>				
¾% Debentures due \$150,000 in 1955 and 1956 and \$2,100,000 in 1957, less current instalment shown above.....			2,250,000	2,250,000
4½% Serial Debentures, Series "A", due \$200,000 annually 1956 to 1965 inclusive.....			—	2,000,000
4½% Sinking Fund Debentures, Series "B", due 1970.....			—	3,000,000
			<u>2,250,000</u>	<u>7,250,000</u>
<b>Capital and Surplus:</b>				
5% cumulative redeemable preferred stock:				
Authorized—70,000 shares of \$100 each.				
Issued —65,000 shares.....			6,500,000	—
Less 2,557 shares cancelled through the sinking fund.....			255,700	—
			<u>6,244,300</u>	
Cumulative redeemable preferred stock:				
Authorized—150,000 shares of \$100 each.				
Issued —100,000 4.40% preferred shares.....			—	10,000,000
Common stock:				
Authorized and outstanding— 28,000 shares of \$100 each.....			2,800,000	—
—280,000 shares of \$10 each.....			—	2,800,000
			<u>9,044,300</u>	<u>12,800,000</u>
Surplus:				
Capital and paid-in surplus.....			243,273	243,273
Earned surplus.....			5,229,665	4,567,503
			<u>5,472,938</u>	<u>4,810,776</u>
Total capital and surplus.....			<u>14,517,238</u>	<u>17,610,776</u>
			<u>\$31,307,561</u>	<u>\$39,401,099</u>

**NOTES:**

- Properties for sale under the Company's real estate program:* Under the company's "buy-build-sell-lease" program these properties are for development, sale in due course and lease back.
- Contingent liabilities and commitments:* (a) The liability for completion of contracts for the construction of retail store buildings not reflected in the financial statements amounted to approximately \$3,800,000; (b) The leases in effect as to all companies for stores, warehouses and other properties number 204. Of these, 146 contain options to cancel. If the company should exercise the option to cancel, it could be required to purchase 115 properties. The minimum annual rentals for the ensuing year under all leases (some of which contain percentages of sales clauses) and excluding any taxes, insurance and maintenance payable by the lessee, amount to approximately \$994,000; this amount decreases annually until the year 1987 as leases expire.

Approved on behalf of the Board:

(Sgd.) D. C. McGAVIN, Director.

(Sgd.) O. W. STRUTHERS, Director.

**Auditors' Report**

To the Directors,  
Canada Safeway Limited:

We have examined the above consolidated balance sheet and pro forma consolidated balance sheet of Canada Safeway Limited and its subsidiary companies as of March 26, 1955 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the current asset classification of properties described in note 1, the consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its subsidiaries at March 26, 1955, according to the best of our information and the explanations given to us and as shown by the books of the companies. Also, in our opinion, the above pro forma consolidated balance sheet is properly drawn up as so to exhibit a true and correct view of the state of the affairs of the company and its subsidiaries at March 26, 1955 after giving effect at that date to the transactions described in the head note to the balance sheet, according to the best of our information and the explanations given to us.

Vancouver, B.C.,  
May 25, 1955.

(Sgd.) PEAT, MARWICK, MITCHELL & CO.,  
Chartered Accountants."



## STATUTORY INFORMATION

- (a) The full name of the Company is Canada Safeway Limited and its head office is at 313 Pacific Avenue, Winnipeg, Manitoba.
- (b) The Company was incorporated on January 14, 1929 by Letters Patent under The Companies Act of Canada with the name "Safeway Stores Limited". Supplementary Letters Patent were issued dated November 29, 1939, October 13, 1942, June 23, 1947, September 12, 1947, October 30, 1948, July 16, 1951, December 31, 1951, April 26, 1952 and June 1, 1955. The name was changed to the present name by the Supplementary Letters Patent dated June 23, 1947.
- (c) The Company transacts a retail chain grocery business.
- (d) The names in full, present occupation and home addresses of the Directors and Officers are as follows:

### Directors

John Alexander MacAulay, Q.C.	Barrister	1125 Wellington Crescent, Winnipeg, Manitoba
Donald Cameron McGavin	Barrister	492 Brock Street, Winnipeg, Manitoba
Milton Lloyd Selby	Company Executive	107 Camino Don Miguel, Orinda, California, U.S.A.
Orval Wood Struthers	Barrister	302 Ashland Avenue, Winnipeg, Manitoba
Lingan Allen Warren	Company Executive	1904 Forest View Road, Burlingame, California, U.S.A.

### Officers

Lingan Allen Warren	President	1904 Forest View Road, Burlingame, California, U.S.A.
Milton Lloyd Selby	Vice-President	107 Camino Don Miguel, Orinda, California, U.S.A.
John Alexander MacAulay, Q.C.	Vice-President	1125 Wellington Crescent, Winnipeg, Manitoba
William Scott Mitchell	Vice-President	3011 Marina Drive, Alameda, California, U.S.A.
Walter John Kraft	Vice-President	4714 West Second Avenue, Vancouver, B.C.
Frederick William Crawford	Vice-President	7969 Laburnum Street, Vancouver, B.C.
Walter Joseph McCann	Vice-President	105 Ash Street, Winnipeg, Manitoba
Donald Cameron McGavin	Secretary	492 Brock Street, Winnipeg, Manitoba
Alexander Hamilton Holley	Assistant Secretary	1942 10th Avenue, Oakland, California, U.S.A.
Orval Wood Struthers	Assistant Secretary	302 Ashland Avenue, Winnipeg, Manitoba
Alan Anthony Edwards	Assistant Secretary	166 Del Vale Avenue, San Francisco, California, U.S.A.

(e)

### Auditors

Peat, Marwick, Mitchell & Co. Chartered Accountants. 410 Seymour Street, Vancouver, B.C.

(f) The transfer agents and registrars in respect of the Preferred Shares are The Royal Trust Company at Winnipeg, Montreal, Toronto, Calgary and Vancouver. The Common Shares are transferable by the Secretary at the Head Office of the Company.

(g) The authorized share capital of the Company at this date consists of (a) 70,000 5% Cumulative Redeemable Preferred Shares of the par value of \$100 each whereof 61,172 shares are outstanding and fully paid and all of which have been called for redemption in accordance with the terms thereof on July 12, 1955; (b) 150,000 Cumulative Redeemable Preferred Shares of the par value of \$100 each which were created by Supplementary Letters Patent dated June 1, 1955, whereof 100,000 have been designated as 4.40% Preferred Shares and are offered by this prospectus, and (c) 280,000 Common Shares of the par value of \$10 each, all of which are issued and fully paid.

(h) The voting rights, preferences, rights to dividends or capital of the 5% Cumulative Redeemable Preferred Shares which have been called for redemption on July 12, 1955, being not material hereto, a description thereof has been omitted.

The Cumulative Redeemable Preferred Shares of the par value of \$100 each created by Supplementary Letters Patent dated June 1, 1955, have the following voting rights, preferences, rights to dividends or capital, redemption rights and rights on liquidation or distribution of capital assets:

(1) The Preferred Shares may be issued from time to time in one or more series, and subject as hereinafter provided, the Preferred Shares of each series shall rank equally with and shall in all respects possess the same rights, preferences and priorities and be subject to the same restrictions and conditions as the Preferred Shares of every other series except that one series may differ from another or others in respect of any one or more of the following matters, namely: (i) the rate or amount of the preferential dividend and the dates and places of payment thereof and the dates from which the same shall accrue; (ii) the rate or amount of premium payable upon liquidation, dissolution, winding-up or distribution of assets for the purpose of winding up the affairs of the Company; (iii) the rate or amount of premium payable on redemption; (iv) the terms of any Stock Purchase Fund or Sinking Fund to be created for the benefit of the holders of shares of any particular series; and (v) the aggregate par value of the series. Subject to Section 12 of The Companies Act, all said matters shall in respect of each series (other than the 4.40% Series in respect of which special provisions are hereinafter set forth) be fixed by resolution of the Directors of the Company prior to the issue of new Preferred Shares of such series; provided that if the dates from which the preferential dividend shall accrue shall not be so determined the same shall be fixed in accordance with the provisions of Paragraph (2) hereof.

(2) The Preferred Shares shall confer upon the holders thereof the right to fixed, cumulative, preferential, cash dividends, when and as declared out of the profits of the Company available for dividends, at such rate or in such amount and payable at such intervals as may be fixed by resolution of the Directors of the Company in respect of each series (other than the 4.40% Preferred Shares) prior to allotment, such dividends to accrue and be cumulative in the case of each series (other than the 4.40% Preferred Shares) from such date or dates as may be fixed from time to time by resolution of the Directors of the Company prior to allotment, or in default of such determination, then from the date of allotment. The holders of the Preferred Shares shall not be entitled to any further or other dividends than those expressly provided for by resolution of the Directors of the Company in respect of each series (other than the 4.40% Preferred Shares) prior to allotment. With respect to each series of Preferred Shares, dividends shall be paid to the registered holders appearing on the register at the close of business on such day preceding the day fixed for the payment of the dividend as may be determined from time to time by the Directors. Until other shares of the Company shall have been exhausted the Preferred Shares shall not be liable to cancellation or reduction by reason of loss or depreciation of the Company's assets.

(3) In the event of liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares shall be entitled to receive the par value of such shares together with (i) all unpaid preferential dividends, whether or not earned or declared, (which for such purposes shall be calculated as if such dividends were accruing from day to day for the period from the expiration of the last period for which dividends have been paid up to and including the date of distribution) and (ii) an additional amount equal to the premium fixed for that purpose by Resolution of the Directors in respect of each series (other than the 4.40% Preferred Shares) prior to allotment before any amount shall be paid to or any property or assets of the Company distributed among the holders of any other shares of the Company. After payment to the holders of the Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

(4) When any dividends or amounts payable on a return of capital on the Preferred Shares in accordance with the foregoing provisions are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such



dividends, including accumulations, if any, in accordance with the sums that would be payable on the said shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

(5) Subject to the provisions of Paragraph (7) hereof, all or any of the Preferred Shares of any one or more series may at any time and from time to time be redeemed by the Company, upon giving 30 days' notice in writing to each holder of the Preferred Shares so called for redemption at his address as it appears in the books of the Company, at a redemption price consisting of the par value thereof and such premium thereon, if any, as may have been fixed for that purpose by resolution of the Directors of the Company in respect of such series (other than the 4.40% Preferred Shares) prior to allotment plus accrued and unpaid preferential dividends calculated to the date fixed for redemption. If the Company desires at any time to call for redemption and redeem less than all the outstanding Preferred Shares of any series the shares to be redeemed shall be selected by lot in such manner as the Board of Directors of the Company may determine. If notice of any such redemption is duly given as aforesaid and an amount sufficient to redeem the Preferred Shares called for redemption at the redemption price plus accrued and unpaid preferential dividends as aforesaid be deposited with the Company's Transfer Agent or Bankers or otherwise as specified in the notice on or before the date fixed for redemption, dividends on the Preferred Shares so called for redemption shall cease to accrue after the date fixed for redemption and the holders of such Preferred Shares shall thereafter have no other right except to receive payment out of the redemption moneys so deposited upon surrender of their share certificates. Preferred Shares redeemed by the Company hereunder shall not be reissued.

(6) Subject to the provisions of Paragraph (7) hereof, the Company shall have the right at its option at any time and from time to time to acquire Preferred Shares of any series by purchase for cancellation in the open market at a price or prices not exceeding in any case the prevailing redemption price at which Preferred Shares of such series may be called for redemption, plus accrued and unpaid preferential dividends calculated to the date of purchase, plus reasonable costs of purchase. From and after the date of purchase of any such Preferred Shares the same shall be deemed to have been redeemed and shall be cancelled and shall not be reissued.

(7) (i) No dividends shall at any time be declared or declared and paid on or set apart for any other shares of the Company unless all dividends on the Preferred Shares then outstanding accrued for all previous dividend periods shall have been declared and paid or provided for at the date of such declaration and payment or setting apart.

(ii) Unless all the Preferred Shares then outstanding are being redeemed or purchased, the Company shall not call for redemption or purchase or otherwise acquire any Preferred Shares or any other shares of the Company unless all accrued dividends on the Preferred Shares then outstanding for all previous dividend periods shall have been declared and paid or provided for at the date of such call for redemption or purchase or other acquisition.

(8) The holders of the Preferred Shares shall not be entitled to any vote at any meeting of the shareholders of the Company unless and until the Company from time to time shall fail to pay in the aggregate six quarterly dividends on the Preferred Shares of any series on the dates on which the same should be paid according to the terms thereof whether such dividends have been declared or not and whether or not there are any moneys of the Company properly applicable to the payment of dividends. Thereafter so long as any dividends remain in arrears the holders of the Preferred Shares of all series shall be entitled to one vote in respect of each such Preferred Share held and the holders of the Preferred Shares of all series shall be entitled as a class to elect three members of the Board of Directors of the Company if the Board of Directors of the Company consists of eight or more directors or if the Board of Directors of the Company consists of less than eight members then the holders of the Preferred Shares of all series shall be entitled as a class to elect two members of the Board of Directors. Nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors.

Notwithstanding anything contained in the By-laws of the Company the terms of office of all persons who may be directors of the Company at any time when the right to elect directors shall arise in the holders of the Preferred Shares of all series as herein provided or who may be appointed as directors if such right shall have arisen before a meeting of shareholders shall have been held shall terminate upon the election of new directors at the next annual meeting of shareholders or at a special general meeting which may be held for the purpose of electing directors at any time after such voting rights shall have arisen upon not less than twenty (20) days' written notice and shall be called by the Secretary of the Company upon the written request of the holders of record of at least one-tenth of the outstanding Preferred Shares of any series and in default of the calling of such special general meeting by the Secretary within 5 days after the making of such request it may be called by any holder of record of Preferred Shares of any series.

Any vacancy occurring among members of the Board elected to represent the holders of Preferred Shares of all series in accordance with the foregoing provisions may be filled by the Board with the consent and approval of the remaining director or directors elected to represent the holders of Preferred Shares of all series but if there be no such remaining director or directors the Board may elect sufficient holders of Preferred Shares of any series to fill the vacancies. Whether or not such vacancies are so filled by the Board the holders of record of at least one-tenth of the outstanding Preferred Shares of any series shall have the right to require the Secretary of the Company to call a meeting of the holders of Preferred Shares of all series for the purpose of filling the vacancies or replacing all or any or either or both of the persons filling such vacancies and the provisions of the last preceding subparagraph shall apply in respect of such meeting.

Notwithstanding anything contained in the By-laws of the Company upon any termination of the voting rights of the Preferred Shares of all series as herein provided the term of office of the directors elected to represent the holders of Preferred Shares of all series shall terminate.

(9) The holders of the Preferred Shares shall not be entitled as of right to subscribe for or purchase any part of any issue of any shares or of any bonds, debentures or other securities of the Company now or hereafter authorized.

(10) So long as any Preferred Shares shall remain outstanding the Company shall not by way of reduction of capital pay off or return any capital paid up on any shares of the Company other than Preferred Shares and the 5% Cumulative Redeemable Sinking Fund Preferred Shares (First Series) and the 5% Cumulative Redeemable Sinking Fund Preferred Shares (Second Series) presently outstanding.

(11) So long as any Preferred Shares shall remain outstanding the Company shall not issue any class of shares ranking as to dividends or assets in priority to the Preferred Shares.

(12) The Company shall not declare or pay more than 65% of the consolidated net earnings of the Company and its Subsidiary Companies (as hereinafter defined) for the year ending December 31, 1955 or any subsequent year ending December 31 remaining after payment of dividends on the Preferred Shares of all series then outstanding, as dividends on the Common Shares or on other shares of the Company junior to the said Preferred Shares if the declaration or payment of such dividends on the Common Shares or other shares of the Company junior to the said Preferred Shares would reduce the amount standing to the credit of the earned surplus account of the Company, computed in accordance with sound accounting practice, available for the payment of dividends on the Preferred Shares of all series below 25% of the aggregate par value of all Preferred Shares then outstanding.

(13) Preferred Shares, in addition to the 100,000 4.40% Preferred Shares and Preferred Shares of any other series at any time and from time to time outstanding and whether now or hereafter authorized, may be issued by the Company but only if—

(A) Either (i) the consolidated net earnings of the Company and its Subsidiary Companies (which term shall include any corporation the outstanding voting capital stock of which is owned or controlled directly or indirectly by the Company and any other corporation the outstanding voting capital stock of which is owned or controlled directly or indirectly by any such first mentioned corporation) plus the net earnings of the properties if any to be acquired by all or any part of the proposed issue of additional Preferred Shares or the proceeds thereof, for the period of twelve successive calendar months ending within the one hundred and twenty days immediately preceding such issue shall amount to not less than three times the aggregate annual dividend requirements on all Preferred Shares then outstanding and those proposed to be issued, or (ii) such consolidated net earnings of the Company and its Subsidiary Companies, plus such net earnings of the properties, if any, to be acquired, for a period of twenty-four successive calendar months ending within the one hundred and twenty days immediately preceding such issue, shall amount to not less than six times such aggregate annual dividend requirements; and

(B) At a date within one hundred and twenty days immediately preceding such issue the consolidated net assets (exclusive of goodwill, patents and trade marks) of the Company and its Subsidiary Companies, plus the net assets (exclusive of goodwill, patents and trade marks), if any, to be acquired by all or any part of the proposed issue of Preferred Shares of any series or the proceeds thereof, shall have been not less than 150% of the par value of all Preferred Shares then outstanding and those proposed to be issued.



The provisions of this paragraph (13) shall not apply to the issuance of the said 100,000 4.40% Preferred Shares.

All additional Preferred Shares issued under the provisions of this paragraph shall be issued as fully paid up.

(14) The provisions attaching to the Preferred Shares may be repealed, modified, amended or amplified in whole or in part by a resolution adopted at a meeting of the holders of the Preferred Shares called and held in accordance with the provisions hereinafter set forth by not less than seventy-five per cent (75%) of the votes cast on such resolution. If the resolution especially affects the rights of the holders of the shares of any series in a manner or to an extent substantially different to that in or to which the rights of the holders of any other series are affected, then such special resolution shall, in addition, be approved by a resolution adopted at a meeting of the holders of the Preferred Shares of such series so especially affected by not less than seventy-five per cent (75%) of the votes cast on such resolution and the provisions of the next following paragraph shall apply, *mutatis mutandis*, to the calling and holding of such meeting. If such special resolution does not affect the rights of the holders of shares of any particular series, then the approval of the holders of the Preferred Shares of such series shall not be required. At any such meeting of the holders of Preferred Shares without distinction as to series, each holder of Preferred Shares shall possess one vote thereat in respect of each Preferred Share held by him. At any such meeting of the holders of Preferred Shares of any particular series, each holder shall possess thereat one vote in respect of each Preferred Share of such series held by him.

(15) Meetings of holders of Preferred Shares may be called pursuant to a resolution of Directors. At least twenty-one (21) days' notice thereof shall be given in the manner prescribed by the By-laws of the Company. A quorum at any meeting of Preferred Shareholders shall consist of two or more holders of Preferred Shares present in person and representing in their own right or as proxies for holders of Preferred Shares not less than a majority of the Preferred Shares then outstanding; provided, however, that, if at any such meeting the holders of a majority of the outstanding Preferred Shares shall not be present or represented by proxy within one-half hour of the time appointed for the meeting, then the meeting shall stand adjourned for twenty-one (21) days and shall accordingly be held on the corresponding day of the week and at the same time and place as that originally fixed by the notice convening the meeting and at least fourteen (14) days' notice shall be given of such adjourned meeting in the manner prescribed by the By-laws of the Company but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares present or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened. Except as hereinbefore specifically provided, the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the By-laws of the Company with respect to General Meetings of the Company.

The first series of the said class of Preferred Shares shall consist of 100,000 shares of the par value of \$100 each and shall be designated "4.40% Preferred Shares" and shall in addition to the rights, preferences, restrictions, conditions and limitations attaching to the Preferred Shares as a class, carry and be subject to the following rights, preferences, restrictions, conditions and limitations:

(1) The holders of the said 4.40% Preferred Shares shall be entitled to a fixed, cumulative, preferential, cash dividend at the rate of 4.40% per annum and no more, such dividend to be payable quarterly on the first days of January, April, July and October in each year at any branch in Canada of the Company's bankers in such respective amounts as the directors may from time to time determine and to accrue and be cumulative from July 11, 1955;

(2) The said 4.40% Preferred Shares shall be redeemable at the option of the Company in accordance with the provisions of paragraph (5) of the rights, preferences, restrictions, conditions and limitations attaching to the Preferred Shares as a class, at a premium of 4% of the par value thereof if redeemed on or before July 1, 1960; at a premium of 3% if redeemed thereafter and on or before July 1, 1965; at a premium of 2% if redeemed thereafter and on or before July 1, 1970; at a premium of 1% if redeemed thereafter and on or before July 1, 1975; and at a premium of one half of 1% if redeemed thereafter; shall be entitled to a like premium on the par value thereof in the event of liquidation, dissolution or winding-up of the Company or the distribution of its assets among shareholders for the purpose of winding-up its affairs;

(3) On or before July 1, 1956 the Company shall set aside as a Preferred Share Purchase Fund the sum of \$300,000 to be used for the purchase for cancellation of 4.40% Preferred Shares in the open market at a price not exceeding their par value plus reasonable costs of purchase, provided that said sum and/or any amounts in replenishment thereof as hereinafter referred to shall be so applied with reasonable despatch.

If no 4.40% Preferred Shares are available for purchase at or below the price aforesaid then, so long as there are any of the said shares issued and outstanding, the said moneys or balance thereof shall remain in the said Fund until such shares shall be available for purchase as herein contemplated and provided, and the Company shall, on or before the first day of the month of July in each year subsequent to the year 1956, appropriate and set aside out of its funds such amount as may be necessary to increase the amount in the said Preferred Share Purchase Fund to \$300,000 and no more.

Notwithstanding anything herein contained the 5% Cumulative Redeemable Sinking Fund Preferred Shares (First Series) and the 5% Cumulative Redeemable Sinking Fund Preferred Shares (Second Series) of the Company shall in all respects rank in priority to the Preferred Shares hereby created.

The dividends on the Preferred Shares to which this circular relates shall accrue and be cumulative from July 11, 1955.

The Common Shares carry the right to one vote per share at all general meetings of the Company.

(i) The Company has no Bonds, Debentures or other securities outstanding. The Company, however, has unconditionally guaranteed the payment of the principal of and interest on \$2,400,000 3¼% Collateral Trust Debentures of Macdonalds Consolidated Limited and \$5,000,000 4½% Debentures of Wingate Equipment Lessors Limited. Pending their retirement on July 12, 1955, the 5% Cumulative Redeemable Preferred Shares will rank ahead of the Preferred Shares offered hereby.

(j) The Company does not propose to create or assume any indebtedness which is not shown in the audited Balance Sheet as at March 26th, 1955 forming part of this prospectus other than such indebtedness as may be incurred in the ordinary course of business and secured by the usual banking security and other than the guaranteed debt referred to in (i).

(k) There are no securities covered by options outstanding or proposed to be given by the Company.

(l) The descriptive title and issue price of the Preferred Shares to which this prospectus relates are stated on the face hereof to which reference is hereby expressly made. No securities or shares have been issued by the Company within the two preceding years.

(m) The estimated net proceeds to be derived from the Preferred Shares offered by this prospectus on the basis of the same being fully taken up and paid for is \$9,650,000, less legal and auditing fees and other expenses in connection with the issue of the said Preferred Shares.

(n) The proceeds of the sale of the Preferred Shares offered by this prospectus will be applied to the cost of redeeming the outstanding 5% First and Second Series of Preferred Shares of the Company and the balance will be used for general corporate purposes.

(o) No minimum amount, in the opinion of the Directors, must be raised by the issue of these shares to provide any part of the sums required for any purchase price of property, preliminary expenses, commission, repayment of moneys borrowed in respect of any of the foregoing or repayment of bank loans, but in the application of the net proceeds some part thereof may be employed at the discretion of the Directors in retiring current bank indebtedness.

(p) By agreement dated June 1, 1955 Royal Securities Corporation Limited have subscribed for the 100,000 Preferred Shares of the 4.40% Series offered by this prospectus at par and in consideration thereof the Company has agreed to pay to Royal Securities Corporation Limited on delivery a commission of 3½%.

(q) The by-laws of the Company contain the following provisions with regard to the remuneration of directors:

"The Directors may appoint any or all of their number, including the President and Vice-President, Secretary and Treasurer, to any position of employment in the Company's service and business and may pay the Directors, including the President, Vice-President, Secretary and Treasurer so employed, such salaries and remuneration (over and above any interest in dividends to which any of them may be entitled) as the Directors may think proper and any such appointment may be cancelled and annulled by the Directors."



(r) No remuneration was paid by the Company to its Directors as such during its last financial year ended December 31, 1954 and no remuneration is to be paid or payable to its Directors as such during the current financial year. The aggregate remuneration paid by the Company during its last financial year ended December 31, 1954 to officers who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum is \$ 105,642 and the aggregate of such remuneration estimated to be paid or payable during the current financial year is \$164,000.

(s) No commission has been paid within the two preceding years or is now payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company except the commission of 3½% to be paid to Royal Securities Corporation Limited as referred to in (p) above in connection with the Preferred Shares offered by this prospectus.

(t), (zc) The Company was incorporated on January 14, 1929 and has been carrying on business continuously since that time.

(u), (v) No property has been purchased or acquired by the Company or is proposed to be purchased or acquired the purchase price of which is to be defrayed in whole or in part out of the proceeds of this issue or has been paid within the last two years preceding the date hereof or is to be paid in whole or in part in securities of the Company. Save for transactions entered into in the ordinary course of operations or on the general credit of the Company no property has been purchased or acquired by it or is proposed to be purchased or acquired, the purchase or acquisition of which has not been completed at the date hereof.

(w) No securities within the next two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash.

(x) No obligations are offered by this prospectus.

(y) Save as indicated in paragraph (p), no part of the proceeds of the sale of the Preferred Shares offered by this prospectus is to be paid or applied in the payment of services rendered or to be rendered to the Company.

(z) No amount has been paid within the two preceding years or is intended to be paid to any promoter.

(za) The Company has not entered into any material contracts within the two preceding years other than contracts entered into in the ordinary course of business except the following:

- (1) Agreement dated May 21, 1955 between the Company and its subsidiary, Wingate Equipment Lessors Limited (herein sometimes called "Wingate") for the sale by the Company of certain furniture, machinery, equipment and appliances, including automotive equipment.
- (2) Lease dated May 21, 1955 from Wingate to the Company under which the items covered by the Agreement referred to in sub-paragraph (1) above were leased to the Company in consideration of an annual rental. Such rental will not be less than the amounts payable by Wingate in respect of its Debentures from time to time outstanding.
- (3) Instrument of Consent and Guarantee dated as of June 1, 1955 between the Company and The Royal Trust Company whereby the Company guarantees the payment of the principal of and interest on the Debentures from time to time outstanding of Wingate under a Trust Indenture between it and The Royal Trust Company.
- (4) Contract dated June 1, 1955 between the Company and Royal Securities Corporation Limited for the purchase of the Preferred Shares to which this prospectus relates.

Copies of such contracts may be inspected at the Head Office of the Company, 313 Pacific Avenue, Winnipeg, Manitoba, during the period of primary distribution of the shares hereby offered.

(zb) The Company does not at the present time propose to acquire any property in which any Director is interested.

(zd) Safeway Stores, Incorporated, a Maryland corporation, whose Executive Offices are at 4th and Jackson Streets, Oakland, California, is by reason of beneficial ownership of securities of the Company in a position to elect or cause to be elected a majority of the Directors of the Company.

(ze) No securities of the Company to the knowledge of the signatories hereto are held in escrow.

(zf) Regular quarterly dividends have been paid on all Preferred Shares from time to time outstanding other than the Preferred Shares offered by this prospectus, at the rates appropriate to each series. The following amounts have been paid as dividends on the Common Shares during the period of five years ended December 31, 1954: 1950, \$2,450,000; 1951, none; 1952, \$3,300,000; 1953, \$2,800,000; 1954, none.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act (Saskatchewan) and under an Act respecting securities (3-4 Elizabeth II, chap. 11 of the Statutes of Quebec) and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED this 7th day of June, 1955.

#### DIRECTORS

(Sgd.) D. C. McGAVIN

MILTON L. SELBY

by (Sgd.) D. C. McGavin,  
his Agent.

(Sgd.) O. W. STRUTHERS

LINGAN A. WARREN

by (Sgd.) D. C. McGavin,  
his Agent.

JOHN A. MacAULAY

by (Sgd.) D. C. McGavin,  
his Agent.

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act (Saskatchewan) and under an Act respecting securities (3-4 Elizabeth II, chap. 11 of the Statutes of Quebec) and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

#### UNDERWRITERS

ROYAL SECURITIES CORPORATION LIMITED

By (Sgd.) F. L. Glasgow,  
Director.

The following are the names of every person having an interest either directly or indirectly to the extent of not less than five per centum in the capital of Royal Securities Corporation Limited: A. F. Culver, J. Douglas, J. R. Hughes, A. S. Gordon, F. L. Glasgow, Harold Braff, G. W. W. Ross.







